



Request for City Council Committee Action From the Department of Public Works

Date: August 12, 2003
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Referral to: Honorable Barb Johnson, Chair Ways & Means Committee

Subject: **Authorization to negotiate and execute amendment to City Agreement for the lease of space to Doherty Employment Group in the Centre Village Municipal Parking Ramp**

Recommendation:

1. That proper City of Minneapolis officials be authorized to negotiate and execute an amendment to the City of Minneapolis Agreement whereby Doherty Employment Group leases approximately 2,980 square feet in the Centre Village Municipal Parking Ramp. Said amendment shall provide for a monthly rent of \$900.00 per month in the first year of the Agreement and allow a rental increase not exceeding 10 percent (the amount to be negotiated by staff) per year in the second year. Said lease shall commence 10/1/03 and terminate 9/30/04 with an option to renew for one year.

Previous Directives:

- 1992 (July 10) authorizing a lease of City owned space to Doherty Employment in the Centre Village Ramp

Prepared by: Mike Sachi, Parking and Skyway Systems Engineer, 673-2159

Approved by:

Klara A. Fabry, P. E., City Engineer, Director of Public Works

Presenters: Mike Sachi, Parking and Skyway Systems Engineer

Financial Impact (Check those that apply)

- ☐ No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- ☐ Action requires an appropriation increase to the Capital Budget
- ☐ Action requires an appropriation increase to the Operating Budget
- ☐ Action provides increased revenue
- ☐ Action requires use of contingency or reserves
- ☒ Other financial impact (Explain): Action provides revenue to the City of Minneapolis
- ☐ Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information:

The Parking Fund in the City of Minneapolis earns revenue by leasing office space in its parking ramps. One such lease exists in the Centre Village Municipal Parking Ramp but is scheduled to expire on September 30, 2003. The lease is with Doherty Employment Group.

Doherty Employment Group leases approximately 2980 square feet. Doherty's lease currently provides for payment of \$4.13 per square foot in rent. Doherty makes marginal use of its space due to a depressed job market and has been considering a move out of the City. Doherty has agreed to remain in its space for another year if its rent is decreased to \$3.62 per square foot. Staff believe accepting the Doherty offer is good business in the current climate but recommend a counteroffer stipulating a rental increase of up to 10 percent in the second year of Doherty's lease. If Doherty remains in its space in two years, its lease will be renegotiated in its entirety.

Revenue received from this lease will be deposited in the Parking Fund.

C.C: Tim Blazina, Manager of Off Street Parking